INSIDE ALEC

February 2007 A Publication of the American Legislative Exchange Council

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ALEC Elects New Chairmen

Board of Scholars

ALEC has recently established its Board of Scholars Program. This new and exciting program is intended to honor those whose distinguished work and dedication to market-based policy innovations have been, and continue to be, invaluable to ALEC and its membership. Our partnership with these great policy thinkers furthers ALEC's mission of expanding free markets, limited government and individual liberty. The following are members of the ALEC Board of Scholars:

Kay Coles James

Kay Coles James is currently President and Founder of The Gloucester Institute and sits on the board of two of America's most respected non-profit organizations: The Salvation Army, and The Heritage Foundation. She is also on the board of directors of PNC Financial Services Group and is a board member of AMERIGROUP Corporation. Prior to this, she served President George W. Bush as Director of the U.S. Office of Personnel Management (OPM). Before joining OPM James served as a Senior Fellow and Director of The Citizenship Project at the Heritage Foundation; as Dean of the School of Government at Regent University; and as Chair of the National Gambling Impact Study Commission. James also served as Secretary of Health and Human Resources for former Virginia Governor George Allen.

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ALEC 2007 Calendar

February 8	Membership Event	Salt Lake City, Utah
February 8	Membership Event	Santa Fe, NM
February 15	Membership Event	Cheyenne, Wyo.
February 19	Membership Event	Des Moines, IA
February 20	Membership Event	Phoenix, Ariz.
February 27	Membership Event	Columbia, S.C.
February 27	Membership Event	Austin, Texas
February 28	Membership Event	Bizmarck, ND
March 19	Membership Event	Lincoln, NE
March 5 or 12	Membership Event	Annapolis, MD

2007 Spring Task Force Summit

ALEC's annual policy summit will be held in Hilton Head, South Carolina, April 26-29. This intensive three-day meeting of ALEC's task force members is designed to keep members abreast of new developments in the states. For information or to register please contact our meetings department at (202) 466-5200 or by email at meetings@alec.org

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2007 National Chair
Iowa State Representative Dolores Mertz

Private Enterprise Board Chairman
Jerry Watson
American Bail Coalition

Executive Director
Lori Roman

Senior Director of Policy and Strategic Initiatives
Michael Bowman

Senior Director of Membership and Meetings
Megan Lott

Director of Public Affairs
Jorge Amselle

Lady Margaret Thatcher Receives Pioneer Award

ALEC's 2006 National Chair Sen. Susan Wagle, Kansas State Senate, and ALEC Board Member and Georgia State Rep. Earl Ehrhart presented ALEC's Pioneer Award to Lady Margaret Thatcher last November in honor of her remarkable political career and defense of the Jeffersonian principles of liberty and free markets.

"Lady Thatcher's resolute dedication to the principles of free markets and individual liberty have been an inspiration to conservatives in the United States as well as to all those who value freedom across the globe," said ALEC Executive Director Lori Roman.

Born in October 1925 at Grantham, a small market town in eastern England, Lady Thatcher rose to become the first (and, for two decades, the only) woman to lead a major Western democracy. She won three successive general elections and served as British prime minister for more than 11 years (1979-90), a record unmatched in the twentieth century.

The award was given to Lady Thatcher in conjunction with ALEC's International Exchange Program trip to Warsaw and London. During this trip, ALEC members met with Polish political and policy leaders as well as British members of Parliament (MPs) to discuss taxation, free markets and the dangers of an intrusive regulatory system of government.

ALEC also presented a bust of Thomas Jefferson to MP Bill Cash, in recognition of his legislative service to the Jeffersonian principles of free markets, limited government and individual liberty. Mr. Cash has served in the House of Commons since 1984 and is president of the Euro-realist think tank, the European Foundation.

Lady Margaret Thatcher with Sen. Susan Wagle and Rep. Earl Ehrhart in London.

Sadly, the European Union has been at the forefront of a huge regulatory drive in recent years, regulating vast swathes of industry. Much of this regulation is now being pushed in the United States, both in Congress and in state legislatures. This reality emphasizes the importance of ALEC's International Exchange Program and its efforts to support and encourage free thinkers within European legislatures.

New Chairmen Elected at States and Nation Policy Summit in Phoenix

Iowa State Rep. Dolores Mertz, a long-time ALEC member, was elected as ALEC's new National Chair during the States and Nation Policy Summit (SNPS), held in Phoenix, Arizona, December 6-9, 2006. Representative Mertz was first elected to the legislature in 1988 and is now the ranking member of the Agriculture Committee. She also sits on her state's Appropriations and Transportation Committees and the Agriculture and Natural Resources Appropriations Subcommittee.

Jerry Watson was also elected as ALEC's new national chairman of the Private Enterprise Board of Directors during SNPS. Watson, who is the general counsel of the American Bail Coalition, received his undergraduate and law degrees from Baylor University. Watson lives in Los Angeles, California, with his wife Susan and their four children, and maintains a law office in Austin, Texas.

Nearly 400 veteran and newly elected state legislators, both Republicans and Democrats from across the United States, attended three days of intensive discussions on the critical issues facing the states and nation. ALEC conferences are renowned for developing cutting-edge legislative policy and garnering top policy speakers. This year's summit included Secretary of Transportation Mary Peters; Health and Human Services Assistant Secretary Wade Horn; Clint Bolick of the Arizona-based Alliance for School Choice; and Paul Driessen, senior fellow with the Committee for a Constructive Tomorrow. Information and speeches are available online at www.alec.org/3/states-and-nation-policy-summit/2006-snps-info.html.

Left: U.S. Secretary of Transportation Mary Peters addresses state legislators at ALEC's States and Nation Policy Summit in Phoenix.

Climate Change *Alarmism:*
Kyoto and its Heirs Hurt World's Poor

By Paul Driessen

Few issues have so captured the public imagination as global climate change, and few have such profound potential for changing our lives and government's role in our lives. The Earth's climate is changing as it has frequently throughout our planet's history, except now people are, to some degree, influencing this change.

Despite the claims of global warming alarmists, however, there is little evidence that we face imminent, catastrophic climate change as a result of human activity and the very technologies that improve and enrich our lives. There is even less evidence that we must take immediate, drastic action to prevent a climate Armageddon.

Weather and climate fluctuations are normal. They don't mean humans are causing catastrophic warming. Four times, mile-thick ice sheets smothered Europe and North America. A thousand years ago, Vikings raised crops and cattle in Greenland. Four centuries later, the Norsemen were frozen out, and Europe was gripped in a Little Ice Age. The globe warmed again in 1850-1940, cooled for 35 years, warmed slightly again until 1998, and has been relatively stable since.

Scientists agree that the Earth warmed about 1 degree Fahrenheit since 1900, and people played a role. But few say we face imminent climate disaster. The "hockey stick" temperature graph has been discredited. Interior Greenland and Antarctica are gaining ice mass, not losing it. Himalayan glaciers are growing, not receding. Gulf Stream circulation has not slowed. Seas are expected to rise only a foot or so over the next century.

Some scientists say the sun is responsible for 50 percent or more of planetary warming since 1900. Although the Earth has warmed slightly over the past 30 years, most of this upward trend has taken place in places like Siberia and northern Canada, at night, in the wintertime. Computer models are not evidence. Despite improvements, models still do a poor job of quantifying and analyzing our still poor understanding of complex climate processes. They employ scenarios that reflect possible effects of possible human actions 50 years from now — to generate hypothetical outcomes like warming, storms, floods and droughts. Climate models do have analytical value, but they don't reflect actual observations, and still cannot replicate past events or predict future events, even one year out — much less 50 or 100 years into the future.

Kyoto and its cousins won't stop climate change. Even perfect compliance with the Kyoto Protocol would result in Earth's temperature being only 0.2 degrees Fahrenheit less by 2050 than if we did little or nothing.

Kyoto specifically exempts China, India and other developing nations from emission curbs, since they need energy to lift their people out of poverty.

If humans really are the culprits, actually controlling theoretical temperature increases would require some 40 Kyoto treaties — each one more stringent than the last, each one imposing greater government control over emissions, energy use and prices, as well as housing, transportation, heating, cooling and manufacturing decisions. They would reshape the world as we know it, cost hundreds of billions of dollars annually and hit poor families especially hard.

Such measures would make it impossible for the United States and other countries to generate the huge amounts of new electricity we will need in the coming years. Colorado alone will need another 5,000 megawatts by 2016, Texas will need over 25,000, the United States will need hundreds of thousands, and the world, millions of new megawatts, and most of it will come from coal and natural gas.

Climate change policies and poor countries

There are nearly 2 billion people on Earth who have no access to electricity. They have no lights, refrigerators, radios or any significant way to heat or cool their homes. They have no power for hospitals and clinics, for schools, shops, offices and factories, or for water purification and sewage treatment.

Instead of switching on a light or appliance, millions of women spend hours every day collecting firewood and manure for cooking and heating fires, and breathing polluted smoke from these fires. Instead of turning a faucet handle, they carry water from rivers and lakes that are often tainted with parasites and bacteria. When the sun goes down, their lives shut down. This lack of electricity perpetuates poverty, food spoilage and worse. For example

— Three million infants, children and mothers die every year from lung infections caused by breathing the smoke and pollutants that are a constant fixture in their homes and villages.
— Five million more perish annually from intestinal diseases, caused by unsafe water and spoiled food.

Yet, instead of helping them generate more energy, activists and bureaucrats use hypothetical climate chaos arguments to justify opposing fossil fuel power plants in poor countries and pressure banks and companies not to build them. To protect wild rivers, they obstruct hydroelectric projects. On the grounds that it's "inherently dangerous," they resist nuclear power.

"African villagers used to spend their days and evenings sewing clothing for their neighbors, on foot-peddle-powered sewing machines," Earth Island Institute writer Gar Smith told an interviewer. "Once they get electricity, they spend too much time watching television and listening to the radio. If there is going to be electricity, I'd like it to be decentralized, small and solar-powered."

A little wind or solar energy for a light bulb, radio and tiny refrigerator, is certainly better than nothing, but such policies ensure that poor nations never have enough electricity for offices, factories, jobs or anything remotely approaching the living standards that we would never surrender to prevent climate change. That's why the real stakeholders — those who must live with these policies — need to be heard.

"Cute, indigenous customs aren't so charming when they make up one's day-to-day existence," says Kenya's Akinyi Arunga. "Then they mean indigenous poverty, indigenous malnutrition, indigenous disease and childhood death. I don't wish this on my worst enemy, and I wish our so-called friends would stop imposing it on us."

Opposition to these energy projects is "a crime against humanity," a man in Gujarat, India, angrily told a television news crew. Anti-energy policies mean "people are forced to cut down our trees because they don't have electricity," Uganda's Gordon Mwesigye points out. "They mean our country loses its wildlife habitats — and the health and economic benefits abundant electricity brings."

Third World families want and deserve to have modern houses and appliances, running water, decent jobs, and to see their children live past infancy. They need sustained development not sustainable development. They need abundant, reliable, affordable energy — especially electricity.

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Tax Policy: A Fair Deal for Smokeless Tobacco

ALEC resolution calls on 40 states to change tax structure and adopt fair excise tax policy for smokeless tobacco products.

By Michael Keegan

In December 2006, ALEC fully approved a resolution and statement of principles calling for states to change their tax treatment of smokeless tobacco products — and any other consumer products taxed in a similar way — from an ad valorem basis (percentage tax based upon price) to a weight- or unit-based system. This change would ensure that all like products would be taxed at the same rate, it would eliminate a tax preference for inexpensive products that could harm state revenues and it would align smokeless tobacco products with all other consumer products subject to an excise tax. Additionally, such a tax change would simplify and ease compliance for retailers and state tax administrators, and it would erase the tax-conferred market advantage that some products have enjoyed in recent years, while restoring the principle of sound tax policy.

The cornerstone of excise tax policy is simply to tax the consumption of a product. The federal and state governments impose excise taxes on a range of products, including gasoline, beer, alcohol and tobacco products. In all instances, state excise taxes are based upon the unit or weight of a product (i.e., a gallon of gasoline, a liter of alcohol, a pack of cigarettes).

The beneficial result of an excise tax based upon unit or weight is that like products are taxed equally regardless of price, and the tax is spread evenly. For example, a gallon of 87-octane gasoline is taxed at the same rate as a gallon of 93 octane, a pack of premium cigarettes is taxed at the same rate as a pack of generic cigarettes and the same holds true across the line for many other products.

In 40 states, however, moist smokeless tobacco (MST) is taxed as a percentage of its price, not its weight. A tax based upon price not only creates the effect of a double sales tax (as these products are also subject to a sales tax based upon price) but worse, it distorts consumer behavior by taxing similar products in a very dissimilar manner. The result of ad valorem taxation is that certain products are subject to a much higher tax than similar less expensive products.

This policy creates a glaring market distortion as the tax treatment of the more expensive products artificially shifts demand toward lower priced products by exacerbating the price difference between the two. As highlighted by Americans for Tax Reform, "Excise taxes based upon price are taxes on autopilot, which creates a double and triple taxation effect and hides the real tax burden."

Although proponents claim that taxes based upon price discourage consumption — especially among teenagers — the reality is that an ad valorem tax merely shifts demand from one product to the next. Supporters of this disparate tax system also suggest that it is no different than when consumers pay higher taxes for a more expensive car than for a cheaper alternative. This argument confuses an excise tax with a sales tax.

The difference is that sales taxes are solely based on the price or value of a product while excise taxes are generally fixed-fee and can be imposed at the point of production, importation or sale. They are intended to both raise revenue and to discourage particular behavior.

Regardless of the politics or perceived social benefits, sound tax policy should still apply to excise taxes. ALEC does not believe any state should support a tax policy that creates a preference for one product over another, nor should the state interfere with the invisible hand of the free market by encouraging the use of one product over another. True to Jefferson's core principles, states should not be in the business of picking winners and losers, but should let the market decide free of discriminatory government intervention.

It is with these guiding principles relating to tax equity, tax fairness, free market economy and commerce without discriminatory interference by government that ALEC encourages all policymakers in states that currently tax smokeless tobacco on price (ad valorem) to support and adopt legislation that taxes all consumer products — including smokeless tobacco products — fairly, based upon the weight of a can.

This chart indicates states that currently tax smokeless tobacco products on an ad valorem basis and shows the wide discrepancies in the state excise tax rates on smokeless tobacco products.

*Adjusted annually by the California Board of Equalization.
Source: Tax Foundation and Federation of Tax Administrators.

State	Tax Rate on Smokeless Tobacco	Type of Tax
Alaska	75% of wholesale price	ad valorem
Arkansas	32% of manufacturer's price	ad valorem
California	46.76% of wholesale price*	ad valorem
Colorado	40% of manufacturer's price	ad valorem
Delaware	15% of wholesale price	ad valorem
Florida	25% of wholesale price	ad valorem
Georgia	10% of wholesale price	ad valorem
Hawaii	40% of wholesale price	ad valorem
Idaho	40% of wholesale price	ad valorem
Illinois	18% of wholesale price	ad valorem
Indiana	18% of wholesale price	ad valorem
Iowa	22% of wholesale price	ad valorem
Kansas	10% of wholesale price	ad valorem
Louisiana	20% of manufacturer's price	ad valorem
Maine	78% of wholesale price	ad valorem
Maryland	15% of wholesale price	ad valorem
Massachusetts	90% of wholesale price	ad valorem
Michigan	32% of wholesale price	ad valorem
Minnesota	70% of wholesale price	ad valorem
Mississippi	15% of manufacturer's price	ad valorem
Missouri	10% of manufacturer's price	ad valorem
Nebraska	20% of wholesale price	ad valorem
Nevada	30% of wholesale price	ad valorem
New Hampshire	19% of wholesale price	ad valorem
New Mexico	25% of product value	ad valorem
New York	37% of wholesale price	ad valorem
North Carolina	3% of wholesale price	ad valorem
Ohio	17% of wholesale price	ad valorem
Oklahoma	60% of wholesale price	ad valorem
Oregon	65% of wholesale price	ad valorem
South Carolina	5% of manufacturer's price	ad valorem
South Dakota	35% of wholesale price	ad valorem
Tennessee	6.6% of wholesale price	ad valorem
Texas	40% of manufacturer's price	ad valorem
Utah	35% of manufacturer's price	ad valorem
Virginia	10% of wholesale price	ad valorem
Washington	75% of wholesale price	ad valorem
West Virginia	7% of wholesale price	ad valorem
Wisconsin	25% of manufacturer's price	ad valorem
Wyoming	20% of wholesale price (or 10% of retail)	ad valorem

Resolution on the Enhancement of Economic Neutrality, Commercial Efficiency and Fairness in the Taxation of Moist Smokeless Tobacco (MST) Products

WHEREAS, excise taxes are levied by individual states on the distribution of a variety of consumer products in the United States.

WHEREAS, excise taxes are levied at various points or transactions during the distribution of these consumer products having a compounding effect on all other taxes levied further along the distribution chain, including sales taxes.

WHEREAS, levy of excise taxes should be equally applied to all products of a like nature or category, as to not create a tax policy that benefits one product and penalizes another of the same nature or category.

WHEREAS, state tax policy should not create preferences among products of a like nature or category.

WHEREAS, taxes that create a consumer preference within a product category impede free market commerce.

WHEREAS, excise taxes levied on the basis of value or price "ad valorem" at any point during the distribution of any products greatly aggravate the compounding effect on taxes and prices between products and distort consumer preference between similar products.

WHEREAS, MST products are all of a like nature and category, and packaging is distinguishable only by volume, weight or labeling.

WHEREAS, ad valorem excise taxes on MST creates a tax preference for inexpensive MST products, thereby artificially disrupting free market consumer dynamics.

WHEREAS, ad valorem excise taxes on MST result in automatic tax increases or decreases **without** legislative oversight or action, and negatively impact consumers and producers while denying them any legislative recourse.

WHEREAS, ad valorem excise tax statutes are subject to differing interpretations as to the appropriate point or transaction to apply the tax, creating compliance problems for producers and state tax administrators.

WHEREAS, excise taxes on MST based on volume or weight eliminate the possibility of market distortions and manipulations, tax preferences for lower priced products and aggravation of the compounding nature of an excise tax levied during distribution.

WHEREAS, virtually all other products on which excise taxes are levied carry a tax based on volume or weight, ensuring that manufacturers and consumers face a level marketplace based on freedom of consumer choice.

NOW, THEREFORE BE IT RESOLVED, THAT the American Legislative Exchange Council (ALEC) will support efforts to change or convert state excise taxes levied on MST from ad valorem or price based to weight or volume based.

NOW, THEREFORE BE IT FURTHER RESOLVED THAT ALEC shall support the following statement of principles.

Statement of Principles Regarding State Ad Valorem Taxes on Consumer Products

The Problem: Ad Valorem Excise Taxes on Consumer Products

— Ad valorem taxes give less expensive products a tax preference, which encourages consumers to switch to those products, thus artificially distorting the market and influencing consumer behavior.
— Market distortions created by ad valorem taxes erode and destabilize state revenues over time.
— Ad valorem excise taxes lack neutrality. Products with identical weights and packaging can have widely different tax burdens, harming commercial activity and artificially distorting the dynamics of the marketplace.
— Ad valorem excise taxes are not consistent with virtually all other consumer product excise taxes that tax solely on the basis of the amount of the product purchased and consumed, and do not discriminate on price.
— Ad valorem state excise taxes amount to a tax on top of a tax because a portion of the price basis for applying the excise tax is attributable to any existing federal excise tax.
— Ad valorem excise taxes result in automatic tax increases and decreases **without** legislative oversight or action.

— Ad valorem excise tax statutes are subject to differing interpretations regarding the appropriate tax base and payer; this increases complexity and compliance problems for manufacturers, distributors and state tax administrators.

The Solution: Weight-Based Excise Taxes

— Under a weight-based tax structure, not a state tax system that arbitrarily gives a preference to one product over another, consumer products compete fairly in the marketplace on the basis of product attributes and price.
— Weight-based excise taxes eliminate the market distortions and revenue erosion caused by ad valorem excise taxes.
— Like products should carry identical taxes. All products and taxpayers are treated fairly and equally under a weight-based tax system.
— A weight-based excise tax would equalize the tax treatment of all like consumer products in the states and eliminate an economic disincentive that hinders commercial activity.
— A weight-based excise tax on MST eliminates the possibility of a tax on tax.
— A weight-based excise tax eliminates automatic tax increases, and requires specific legislative action to increase or decrease taxes.
— Weight-based taxes are easy for taxpayers to understand and for tax administrators to support and enforce.

Conclusion

Adherence to the principles of sound tax policy, economic neutrality, fairness, simplicity, efficiency and fiscal stability should lead state legislators in states that currently tax consumer products on an ad valorem basis to replace that method of taxation with one that taxes products on a per unit, weight or volume basis.

Adopted by the Commerce, Insurance and Economic Development Task Force on July 21, 2006, and approved by the ALEC Board of Directors in December 2006.

Michael Keegan is the former director of the ALEC Commerce, Insurance and Economic Development Task Force. For additional information please view the resolution and Statement of Principles on the ALEC Web site or contact Jonathan Shore at jshore@alec.org

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Climate Change Alarmism

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Climate change policies and rich countries

In wealthy, developed countries, carbon taxes, caps and allowances would increase energy prices, raise the cost of consumer products and services, reduce profits, impair productivity, stifle innovation and drive jobs to countries where energy is available and lower priced. U.S. emissions might decline, but global emissions would not since energy efficiency and pollution control in Third World manufacturing plants are typically worse than in the U.S.

The USEIA calculated that forcing the United States to cut CO2 emissions 5 percent below 1990 levels, as under Kyoto, would reduce our Gross Domestic Product by up to $340 billion in 2012, or $4,500 for every family of four.

Management Information Services concluded that Kyoto could cost 1.3 million jobs in U.S. black and Hispanic communities, force 100,000 minority businesses to close and reduce average minority family incomes by $2,000 a year. Economic output in states with large minority populations could plunge by at least $5 billion annually.

As jobs and revenues disappear, communities and states would have less money for welfare and unemployment at the precise moment when those benefits are needed most. Developed nations would also have less for foreign aid, precisely when some say we should be providing more such aid.

Three years ago, thousands of elderly people died during a summer heat wave in France because they had no air conditioning. It could happen here, as well — not because global warming sends temperatures a couple degrees higher, but because higher energy prices put air conditioning beyond the reach of our poor and elderly. Still more would die in the winter, if they could not afford to heat their homes adequately.

The latest climate catastrophe reports

Alarmists claim that doing nothing about climate change would be economically ruinous. One such claim comes from the Stern Report, which argues that uncontrolled climate change will claim 20 percent of the world's Gross Domestic Product every year while cutting greenhouse gas emissions would cost only 1 percent of global GDP.

However, Stern Report used only worst-case climate scenarios and an absurdly low discount rate (0.1 percent, instead of the more common 3-5 percent) to inflate the speculative cost of climate change. They ignored the benefits that moderately warmer temperatures would bring (such as longer growing seasons for crops) and low-balled the cost of preventing change, presenting only the lowest cost estimates. Of course, 1 percent of the world's $44 trillion annual economy is $440 billion, more than the GDP of all but 16 countries. Moreover, even the Stern Report admitted the cost could reach $880 billion, $2.2 trillion, or even $6.5 trillion a year.

Echoing U.N. Climate Control Panel findings, the Centre for European Policy Studies concluded that current CO2 emissions would have to be slashed by 80 percent or 26 billion tons per year (from 33 billion TPY in 2005), to keep global CO2 levels from rising beyond 550 ppm by 2050. Europe is currently struggling to reduce its CO2 emissions by 400 million tons per year by 2012, under Kyoto. Expecting a 26 billion TPY decrease in 44 years is pure fantasy.

China, India, Brazil, South Korea and other developing countries are generating vastly more energy and emissions. All are exempt from Kyoto, and none can afford to stop improving their people's living standards. By 2050, developing country emissions could account for 70 to 80 percent of global CO2 emissions.

If they remain exempt, and the world has to slash emissions by 80 percent, developed nations will have to erase some 95% of their emissions. That would be economically devastating and perilous to human

health. Even in Europe, these facts are finally being acknowledged, and the former consensus over climate change policies is starting to fall apart.

An honest reassessment of our priorities is clearly in order. According to the United Nations, $75 billion could give everyone in the world clean drinking water, sanitation, basic health care, and primary education. Few support even this relatively small investment, yet some still argue that climate change prevention is affordable and a higher priority.

What is the correct way forward?

We do not face imminent climate catastrophe. We have time to act rationally and responsibly, evaluate competing claims and implement laws, policies and technologies that will gradually reduce emissions in cost-effective ways.

In one century, human ingenuity brought us from horses, wood stoves, raw sewage and rampant disease to cars, jetliners, cell phones, computers, nuclear power, effective pollution controls and previously unimaginable health and prosperity. If we continue to harness our creativity and humanitarian principles, the coming decades will bring even better energy generation and pollution control technologies. Carbon dioxide reduction will be a natural byproduct. But to achieve this, we must

— Support open, robust debate and oppose attempts to muzzle climate disaster skeptics and slant or censor news stories.

— Demand hard data and careful analyses for legislative proposals and climate catastrophe claims — not models, hypotheses or headlines, but peer-reviewed, replicable evidence that matches actual observations with predictions and analyzes both benefits and costs (including benefits of moderate warming and costs of CO2 controls).

— Ensure that laws and regulations safeguard jobs and the right of poor families to have better, healthier lives through abundant, reliable, affordable electricity, sustained development and protection from the life-or-death risks they confront every day.

These actions will strengthen America and bequeath to future generations everywhere the technology, health, hope, opportunity and prosperity we view as our birthrights.

Paul Driessen is senior fellow with the Committee for a Constructive Tomorrow and Congress of Racial Equality, public policy institutes that focus on energy, environmental, health and human rights issues. He is the author of "Eco-Imperialism: Green Power · Black Death" (www.Eco-Imperialism.com).

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Task Force Updates:

Civil Justice

The ALEC Civil Justice Task Force unanimously passed a Resolution in Support of Efforts to Promote Impartiality and Independence in State Judiciaries and The Expedited Medical Review Panel Act. In addition, amendments were made to the Asbestos and Silica Claims Priorities Act. An updated version of the Asbestos and Silica Claims Priorities Act is forthcoming. The task force also agreed to pursue model legislation addressing the government standards defense. The task force also heard from a number of experts on California class action law, youth recreational liability and the forecast for reform in 2007. The Disorder in the Court Project will host a number of state issue briefings addressing a variety of civil justice reform issues this session. If you are interested in having ALEC host a briefing in your state, please contact Kristin Armshaw, ALEC's Civil Justice Task Force Director at karmshaw@alec.org.

Homeland Security

The Homeland Security Task Force passed a Resolution in Opposition to the REAL ID Act, which calls on the U.S. Department of Homeland Security to suspend implementation of REAL ID and urges Congress to repeal the act based on its egregious violation of state sovereignty. Language in the resolution highlights both the lack of substantive debate that REAL ID received in Congress, as well as the projected $11 billion cost to the states to implement its provisions. The resolution also castigates REAL ID's infringement on federalism, individual liberty and limited government. The Homeland Security Task Force agreed to form a Secure Identity Subcommittee to provide suggestions based on The 9/11 Commission Report on how to ensure U.S. citizens and documented guests can be properly identified without infringing on individual liberty.

Criminal Justice

The Criminal Justice Task Force considered the Crimes with Bail Restrictions Act, which enumerates specific first- and second-degree felonies for which pre-trial release may only be granted if bail is posted through a surety bond. Based on a study by the Bureau of Justice Statistics, accused felons are less likely to recidivate when released on a surety bond, rather than on their own recognizance or on a valueless bond.

The Bail Forfeiture Notification Act requires court clerks to notify within 30 days the sureties, bail agents and depositor of money of an accused failure to appear in court or other bail forfeiture. By requiring prompt notification, the sureties are more quickly informed that a fugitive has not complied with their bond agreement and may thus be more quickly located and returned to justice.

The Criminal Justice Task Force also unanimously agreed to a resolution calling for model legislation aimed at keeping pawn customer's personal information private. The task force also created a subcommittee aimed at combating mortgage fraud and other real estate crimes.

Health and Human Services

In November, ALEC HHS Task Force Director Christie Raniszewski Herrera participated in the 2007 Health Care Agenda in the States panel at the Washington Area State Relations Group's 2006 Symposium, which was headed by HHS Task Force Member Justin Elliott of the American Physical Therapy Association.

At December's States and Nation Policy Summit, the HHS Task Force sponsored several health-focused plenary sessions, including the opening luncheon with HHS Assistant Secretary Wade Horn; Workshop No. 1, "Knowledge Is Power: Empowering Patients and Physicians"; and Workshop No. 3, "Preparing for the Next Threat: Pandemic Planning in the States." During the HHS Task Force Meeting, members heard presentations from several speakers, including the National Council for Adoption's Tom Atwood, the Association of American Physicians and Surgeons' Kathryn Serkes, America's Health Insurance Plans' Kevin Wrege, Kentucky Sen. Dick Roeding, Dow AgroSciences' Jake Secor and Common Good's Paul Barringer. HHS Task Force members also approved five pieces of model legislation: the Resolution on Prescribing Data; the Resolution on Pandemic Flu Preparedness; amendments to Taking the Best: ALEC's Comprehensive Medical Liability Reform Proposal; the Resolution on Expanding Access to Health Insurance; and the Resolution on Federalism in Recycling Narcotics.

Natural Resources

Three subcommittees of the Natural Resources Task Force met to discuss policy and model bills. The Environmental Health Working Group presented two new publications: The Environmental Health Bookshelf, Part I: Introductory Materials for Policy Makers and Staff and a collection of briefs and talking points on issues related to human health and the environment. The working group also considered conducting a workshop on risk at the 2007 Annual Meeting in Philadelphia. The Energy Subcommittee met and debated the merits of a proposed resolution that would establish a goal in which 25 percent of our energy would come from renewable sources by the year 2025. Also, the Urban Growth Subcommittee met and discussed the Regulatory Costs Fairness Act, a proposed model bill designed to limit abuses regulatory takings. The bill was originally modeled on Oregon's Proposition 37, but that model had a few flaws. It was the sense of the subcommittee that a better model was Arizona's Proposition 207, which was approved by a wide margin of voters this past November.

The Natural Resources Task Force met and approved the amended version of the Regulatory Costs Fairness Act. The Task Force also made technical amendments to the Energy Efficiency and Savings Act, which the Task Force had previously approved at the 2005 Spring Summit. The Task Force also heard a debate

of the pros and cons of ethanol, an update on the Environmental Health Working Group's activities, and a presentation by Oregon State Climatologist George Taylor on the current state of knowledge about global warming.

Telecommunications and Information Technology

The Telecommunications and Information Technology Task Force unanimously adopted three bills; the Information Security Management Act, the Wireless Communications Facilitates Siting Act, and a Resolution on Free Online Tax Preparation and Electronic Filing. Task force members heard presentations on industry initiatives regarding Internet and social networking Web site safety, data retention mandates, and identity theft — taking a closer look at phishing and pretexting activities and highlighting ALEC model legislation.

In addition, a panel discussion on radio frequency identification (RFID) technology was held featuring Jack Grasso for EPCglobal, Inc., Randy Vanderhoof of the Smart Card Alliance and Richard Varn for the National Retail Federation. The three panelists provided an excellent overview of RFID in their sectors, as well as the ramifications that could be created by inaccurate legislation and its effects on the industry and the consumer. The discussion concluded with a series of questions from the moderator, Terry Jennings of Reed Elsevier, and the audience. At the end of the meeting, the new Task Force Private Sector Co-Chair was introduced. Jay Magure of 1-800 Contacts will fill the position so aptly held by Jim Ruda of Intuit. The Public Sector Co-Chair has yet to be announced but is expected after the first of the year.

Education

Education Task Force members honored outgoing Public Sector Task Force Chair and Missouri Rep. Jane Cunningham for her leadership, wisdom and tireless service. Rep. Cunningham will remain an active task force member. A new Public Sector Task Force chair will be announced at the Spring Task Force Summit in Hilton Head, SC, on April 27-28. The Task Force also presented Colorado State Sen. Nancy Spence with the 2006 Education Task Force Recognition Award for outstanding leadership in education policy initiatives in her state in 2005. Next year's award will be presented at the Annual Meeting in Philadelphia and will reflect legislative activity of public sector task force members in 2006.

The Education Task Force also approved the Foster Child Scholarship Program Act unanimously, which, pending board approval, will become ALEC model legislation in time for 2007. This bill represents a fresh idea in school choice policy by offering scholarships to students in foster care who are statistically less likely than the general population to perform well, graduate and go on to college. By offering scholarships, this legislation makes it more likely that students who experience frequent home placement will not have to endure disruptive school reassignment as often. Such stability can have positive effects on both academic and social measures for students.

The School Choice Subcommittee discussed how to broaden support for special needs scholarship legislation by demonstrating the unpredictable costs of litigant-based private school placement and spotlighting the successes of existing special needs scholarship programs around the country. The Higher Education Subcommittee received a sneak preview of "Indoctrinate U," a film that documents the challenges to intellectual diversity many students face in America's institutions of higher learning. The film will be released for distribution in 2007.

The ALEC 2006 Report Card on American Education is now available at www.alec.org, or by contacting Matt Warner at (202) 466-3800 or mwarner@alec.org.

Commerce, Insurance and Economic Development

The Commerce, Insurance and Economic Development Task Force unanimously approved a Resolution Opposing Government Mandated Disclosure of Proprietary, Trade Secret Information and tabled a proposed resolution opposing congressional optional federal charter legislation. In addition, Sarah Wickham of the Small Business Administration provided an update of recent state activity to adopt ALEC's Regulatory Flexibility Act. Michael Helvacian, Ph.D., a senior fellow with the National Center for Policy Analysis, presented his findings on the myriad flaws with workers' compensation and offered several possible reforms to fix the costly, inefficient system. Karen Czarnecki, Deputy Assistant Secretary at the U.S. Department of Labor, provided a brief presentation of the department's ongoing efforts to enforce the department's union reporting requirements.

Tax and Fiscal Policy

The Tax and Fiscal Policy Task Force unanimously passed a Resolution Encouraging Congress to Maintain Local Property Tax Deduction. The resolution encourages Congress to maintain the local property tax deduction in any future sweeping federal tax reform legislation. Bob Williams, president of the Evergreen Freedom Foundation, briefed the Task Force on an amicus brief in the state of Washington that ALEC joined concerning the state's tax and expenditure limitation law. Reason Foundation's Geoffrey Segal provided an analysis of state ballot initiatives on state tax and expenditure limitation measures, state minimum wage hikes, excise tax hikes and regional transportation proposals. David Williams, vice president of policy at Citizens Against Government Waste, informed task force members of recently adopted federal legislation that establishes a database for federal spending programs. A popular, bipartisan bill in the face of voter outrage at the dramatic increase in federal earmarks, this bill could also be adopted at the state level. The task force will continue exploring this concept and work to develop state model legislation in 2007. The International Franchise Association's Troy Flanagan provided a brief overview of proposed federal changes to the Work Opportunity Tax Credit and the impact on states.

Board of Scholars

Continued from page 2

Arthur B. Laffer

Arthur B. Laffer is the founder and chairman of Laffer Associates, an economic research and consulting firm. As a result of Dr. Laffer's economic insight and influence in starting a worldwide tax cutting movement during the 1980s, many publications have named him The Father of Supply Side Economics. He is a founding member of the Congressional Policy Advisory Board, which assisted in forming legislation for the 105th, 106th and 107th Congress. Dr. Laffer served as a member of President Reagan's Economic Policy Advisory Board for both of his two terms. In March 1999, he was noted by Time Magazine as one of "the Century's Greatest Minds" for his invention of the Laffer curve, which has been called one of "a few of the advances that powered this extraordinary century." He has received many awards for his economic research including two Graham and Dodd Awards from the Financial Analyst Federation. He graduated from Yale with a Bachelor's degree in economics in 1963 and received both his MBA and a Ph.D. in economics from Stanford University.

Stephen Moore

Stephen Moore joined The Wall Street Journal as a member of the editorial board and senior economics writer on May 31, 2005. He splits his time between Washington and New York, focusing on economic issues including budget, tax and monetary policy. Stephen has been a frequent contributor to the Journal over the years, and is previously known as the founder and former president of the Club for Growth, which raises money for political candidates who favor free-market economic policies. He left that position in 2004. Just prior to coming to the Journal, Stephen was president of a new organization, the Free Enterprise Fund. Over the years Stephen has served as a senior economist on the Congressional Joint Economic Committee, as a budget expert for the Heritage Foundation and as a senior economics fellow at the Cato Institute, where he published dozens of studies on federal and state tax and budget policy. He was a consultant to the National Economic Commission in l987 and research director for President Reagan's Commission on Privatization.

Victor Schwartz

Victor Schwartz is a partner in the Washington office of the Kansas City-based law firm of Shook, Hardy and Bacon, LLP, and chairs its Public Policy Group. He began his career as a professor and then acting dean of the University of Cincinnati College of Law. He currently serves as adjunct professor and a member of the Board of Visitors for the school. For over two decades, he has been co-author of the most widely used torts casebook in the United States, "Prosser, Wade and Schwartz's Torts" (10th ed.). He is also author of the leading text, "Comparative Negligence," and so-called "Guide to Multistate Litigation." Mr. Schwartz assisted the drafting of the federal Uniform Product Liability Act and the Risk Retention Act. He co-chairs ALEC's Civil Justice Task Force and received ALEC's Private Sector Member of the Year Award in 2003. He also serves as general counsel to the American Tort Reform Association.

Richard Vedder

Dr. Richard Vedder is Distinguished Professor of Economics at Ohio University in Athens, Ohio. He has written extensively on labor issues, authoring such books as "The American Economy in Historical Perspective" and, with Lowell Gallaway, "Out of Work: Unemployment and Government in Twentieth-Century America." Vedder has written over 100 scholarly papers published in academic journals and books, and his work has also appeared in numerous newspapers and magazines including the Wall Street Journal, Washington Post, Investor's Business Daily, Christian Science Monitor and USA Today. Vedder has been an economist with the Joint Economic Committee of Congress, with which he maintains a consulting relationship. He has served as the John M. Olin Visiting Professor of Labor Economics and Public Policy at the Center for the Study of American Business at Washington University in St. Louis and has taught or lectured at many other universities.

Bob Williams

Mr. Bob Williams is the president of the Evergreen Freedom Foundation, a public policy organization in Olympia, Washington, dedicated to the advancement of individual liberty. He is known as a national expert in the areas of fiscal and tax policies, election reform and disaster preparedness. Bob worked as a GAO auditor of the Pentagon and Post Office before moving to Washington state where he served five terms in the Washington State Legislature and was the 1988 Republican nominee for governor.

ALEC Member News

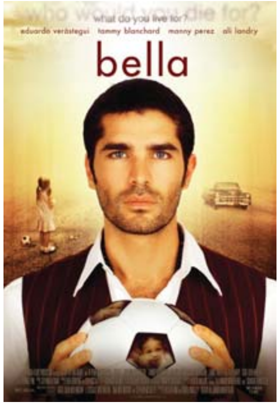
Sen. George L. Gunther holds his ALEC Service Award with ALEC 2007 National Chair Rep. Dolores Mertz and former Colorado State Sen. Dave Owen.

Three former members of ALEC's National Board, Ray Haynes, Dave Owen and George "Doc" Gunther, were presented with ALEC's Service Award during the States and Nation Policy Summit in Phoenix, for their many years of service. Ray Haynes who was ALEC national chair in 2000, served six years in the California Assembly, eight years in the California Senate and was term limited out this year. Also term limited was Sen. Dave Owen of Colorado, who served as his state's vice chair of appropriations and on the Legislative Joint Budget Committee. Retiring Connecticut State Sen. George L. Gunther served as ALEC state chair for 11 years.

The Illinois State Society of Washington, D.C. (ISS) recently honored past Illinois State Sen. Mark Q. Rhoads, who was one of the founders of ALEC, for his leadership role as past president of ISS and his efforts to raise awareness and funding for the society. Founded in 1854, ISS is the nation's oldest state society.

ALEC MEMBER

Two new ALEC member logos are now available. ALEC members can advertise their membership on business cards or on their Web sites with the new logos. These are available for download on ALEC's Web site at www.alec.org/join-alec.



New ALEC private sector member, the National Council for Adoption, hosted a screening for the movie "Bella" at the National Geographic headquarters in Washington, D.C., this past November. "Bella," starring Mexican actor Eduardo Verastegui ("Chasing Papi") and Emmy award winner Tammy Blanchard ("The Good Shepherd") is an emotional and heartwarming tale about our capacity for love in the face of the unexpected. "Bella" took top prize at the 2006 Toronto International Film Festival and marks the feature directorial debut for Alejandro Gomez Monteverde, who also co-wrote its original screenplay with Patrick Million. See www.bellathemovie.com.

American Legislative Exchange Council
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